			ROUTING		
TO	N	AME A	ND ADDRESS	DATE	INITIALS
1		1.7:			
2					
3		1.			
4		:			<u> </u>
	ACTION	7	DIRECT REPLY	PREPA	RE REPLY
	APPROVAL		DISPATCH	RECOI	MENDATION
	COMMENT		Filt	RETU	
	CONCURRENCE		INFORMATION	SIGNATURE	
REMARKS:					
		1.11			
FROM: NAME, ADDRESS, AND PHONE NO. DATE					
_					

Top Secret 217
(Security Elassification)

CONTROL NO. .



Access to this document will be restricted to those approved for the following specific activities:

NATIONAL INTELLIGENCE DAILY CABLE

Saturday July 16, 1977



Warning Notice
Sensitive Intelligence Sources and Methods Involved

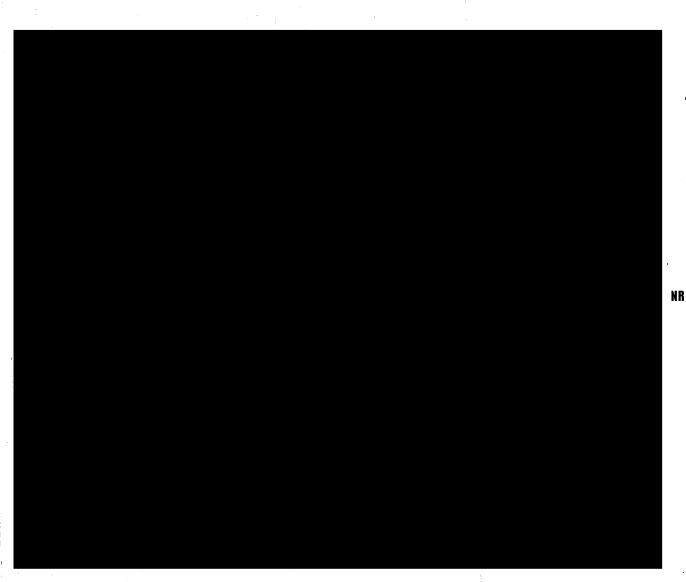
NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions



Top Secret

(Security Classification)



CHILE: Pinochet's Return to Civilian Rule

eventual return to civilian rule marks an extraordinary personal concession to critics of Chile's hard-line military regime. Perconcession to critics of Chile's hard-line military regime. Perhaps more important, it reflects widespread pressure from withhaps more important, it reflects widespread pressure from within the armed forces-Pinochet's principal source of power-for in the armed forces-Pinochet's principal source of power-for a shift in national policy. Plans to ease repression are designed in large part to elicit a favorable reaction from the US.//

NOFORN/NOCONTRACT/ORCON

1.5C



1.5C

//Junta members have repeatedly urged the President to establish a timetable for transition to civilian rule. The influential Council of Army Generals recently played a key role in convincing Pinochet that a move toward political normalization was imperative.

//Army generals recommended in June that Pinochet approve a series of wide-ranging policy changes. Their motive is rooted in a strong desire for Chile to improve relations with the US. In all probability, Chile's diplomatic ostracism and the attendant difficulty in procuring arms have convinced armed forces leaders that internal policies must be altered if Chile is to repair its dismal image abroad.//

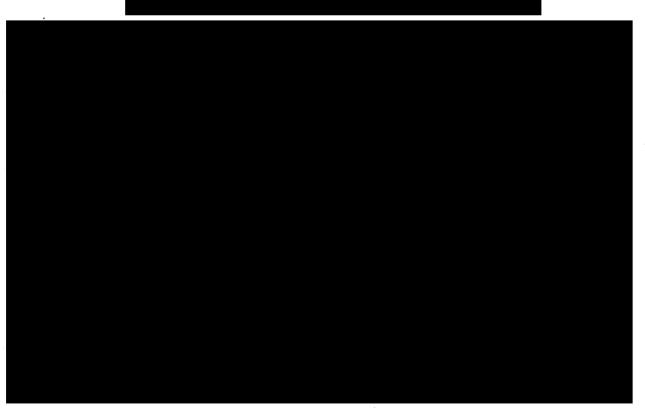
cent meeting of the Organization of American States in Grenada amply demonstrated that a new power balance that favors those nations closely aligned with the US is developing in Latin America. There is consequent unease among Chileans that oppone ts of its human rights practices—such as the US, Mexico, and Venezuela—will use their influence to persuade other Latin American governments to loosen ties with Chile. The Chilean government's close supporters have been countries of the same political stripe in the southern cone.//

//Pinochet evidently has been bombarded with studies recommending a relaxation of the government's emergency powers and improvement in relations with the US, and he approved a recent Foreign Ministry recommendation that Chile seek to negotiate its problems with the US. In addition, Chile and diplomats are now suggesting that specific measures, such as reducing the state-of-siege, will be forthcoming. Further announcements could be timed to coincide with the junta's fourth anniversary on September 11.//

TOP SECRET NOFORNANOCONTRACT/ORCON

//Information indicates that the President has ordered a drastic overhaul of
the controversial National Intelligence Directorate, the secret
police organization responsible for most human rights violations.
DINA's arrest powers are to be transferred to the regular police,
and a reorganized and renamed unit will concentrate solely on
gathering political intelligence. These changes might be made
before September 11.//

//Full restoration of the open democratic society traditionally enjoyed by Chileans is still a long way off. Nevertheless, if the government follows through on its recent proposed actions, the most blatant aspects of repression would be eased. Pinochet clearly expects the US to react positively to these gestures.



NR